Mean Contract

Spread Price Risk Over Time

How it Works

FUTURES price will be determined by the average daily closing price over the pricing period. Cash price will be the futures price, plus or minus, basis. A *price out* option is available that allows you to exit the contract at any time during the pricing period and use that day's price to finish the average price. Basis can be set at any time prior to delivery but will be set once the bushels are delivered. This contract can only be applied in 1,000 bushels increments.

Crop	Reference Futures Contract	Sign Up	Pricing Period	Number of Days
2016 Corn	Dec 2016 (CZ16)	12/1/15 - 2/1/16	2/4/16 – 6/30/16	103
2016 Corn	Dec 2016 (CZ16)	2/1/16 - 3/1/16	3/3/16 – 6/30/16	84

The Benefits

A Mean Contract helps spread your marketing risk over time and it allows you to take advantage of seasonally higher prices. Instead of trying to hit the high, or selling on the low, you will receive an average price that accounts for the highs and the lows in the market. You are protected against major price drops. Structuring a Mean Contract to take advantage of seasonally higher prices also improves your overall price.

The Risk

You cannot fully participate if there is a major rally in the market. Just as you are protected against any major price drops, you also cannot participate in major rallies. The average takes the peaks and troughs out of the price fluctuation. There is also the risk of over-contracting bushels. Keep in mind what your expected production is and how much of that you feel comfortable contracting before it is harvested.

The Cost

Farmer's Coop charges a $0.04/bushel administrative fee for a Mean Contract. An additional $0.01/bushel fee is applied if the *price out* option is executed. All fees will be deducted from the final cash price when payment is made.

To enroll in a Mean Contract or if you have any questions contact the following.

Grain Office: 308-487-3325
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